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SUBJECT: RUSSIAN OPPOSITION GRAPPLES WITH AUTHORITARIAN
SUCCESS

Classified By: Charge d'Affaires Daniel Russell: Reasons 1.4 (b, d).

11. (C) Summary: Carnegie analyst Masha Lipman argues that the success of Putin's authoritarian model of development has challenged Russian liberal assumptions that more democracy and better civil society are the engines of future growth. Based on recent conversations, many in the traditional liberal opposition fear permanent marginalization under the popular Putin-Medvedev governing tandem, which continues to float high on oil prices and consistent increases in real wages, with no guarantee that even a reform-oriented Medvedev will address the economic challenges facing Russia (inflation, demographics, stagnant oil and gas production, and a crumbling infrastructure) with a Western toolbox. In contrast to Garry Kasparov's strategy of open opposition, the leaders of Yabloko and SPS are focused on accommodation, with former presidential candidate Irina Khakamada leaving politics altogether. Both opposition and establishment figures downplay the U.S. ability to promote reform in Russia, given the backlash over Kosovo, missile defense, and NATO expansion, and the ingrained belief that Russia's democratic course is for Russians alone to determine. As many standard-bearers of the 1990s attempt to make themselves attractive to Medvedev, it's not clear the new President wants or needs their support. End Summary

Authoritarian Model Ascendant?

12. (C) Carnegie Center's Masha Lipman told us that Putin's success in developing Russia economically, while relying on an authoritarian political model, challenged assumptions that liberals such as herself had about the need for stronger democratic institutions and a more developed civil society as engines for growth. While Putin was the lucky beneficiary of sky-high oil and gas prices, Lipman said the track record of nine years of 10 percent average growth in wages had produced a significant increase in the standard of living and in morale, which was impossible for any opposition to belittle. The economic "euphoria" was matched by an atypical Russian optimism about the future, pride over Russia's return to the international stage, and satisfaction over the fact that Russia could not be taken for granted. Noting the public delirium over successive victories -- in hockey, soccer, and the Eurovision contest -- Lipman dismissed residual Kremlin concerns over the possibility of an "orange revolution." Russians are living better than they ever had, under a regime that is the "least repressive in Russian history." People may grumble, she said, but "life is quantifiably better." The result, she commented, was a profound political apathy and voluntary ceding of authority to the state.

13. (C) Whether Putin's brand of authoritarianism could be sustained over the next eight years given the challenges posed by inflation, demographics, public attachment to entitlements, and the plateau in oil and gas production brought on by expanding state control and lack of upstream investment, Lipman argued, was "an open question," but not one that automatically resolved itself in favor of

Western-style reformers. Medvedev was a "meaningful choice" -- given the more conservative and isolationist pretenders to the Kremlin throne -- but it did not necessarily follow that he would modernize Russia in the style of the West. Medvedev belonged to an elite that did not want another redistribution of property and sought to avoid the fate of many in Yeltsin's circle. As long as the same elite remained in power, there were "clear limits" on what Medvedev could undertake.

Opposition: Divided Over Response to Tandemocracy

14. (C) The opposition remains divided over its approach to the Medvedev-Putin construct. While Other Russia's Garry Kasparov recently told us that he and former Kremlin economic adviser Andrey Illarionov remain wedded to the strategy of conducting a parallel "opposition" national assembly, with the initial May 17 session bringing together 450 civil society and human rights activists, SPS Deputy Leonid Gozman dismissed the approach as "sheer fantasy." Maintaining that he had no difficulty working with the "captains and lieutenants" in rival opposition parties, Kasparov conceded that tensions among the "generals" continued to prevent a united front. Kasparov dismissed opposition figures who were comfortable staying "in a narrow box" and derided others who believed in incremental change. Arguing that Russia would face a jolt sooner or later, precipitated by inflation, sky-rocketing food prices, a liquidity crisis, or the collapse of the pension system, Kasparov argued that this would produce an opening for democratic reform. Rather than producing democracy, Gozman responded to us, crises in Russian history had produced terror.

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15. (C) In contrast to Other Russia, Yabloko Deputy Ivanenko rejected the strategy of "radical opposition" and argued that his party had to choose between working with the Medvedev-Putin tandem or adopting a 1960's-style mode of intellectual opposition. His strong counsel, he noted, was for Yabloko chief Yavlinskiy to join forces with Medvedev, although Ivanenko was quick to add that there were no concrete proposals on the table, despite Putin's general discussion of the possibility of Yavlinskiy taking up a prominent ambassadorship. The Yabloko leadership, he added, had to deal with the reality that most of their supporters also supported Putin, and viewed the former President as one of Russia's leading democrats. Ivanenko stressed that Putin was a "complicated guy," and while no democrat, he was also no Stalin. It was Putin's loyalty to former Mayor Sobchak and his understanding that iconoclasts like Andrey Sakharov were needed that gave Yabloko a toehold. Arguing that Putin's appointment of Medvedev constituted recognition of the need for a course correction, Ivanenko said encouraging the Medvedev team offered more possibility for Yabloko than Kasparov's "hopeless" quest to create a parallel parliament. Likewise, Ivanenko said it made more sense to work with Medvedev than seek an accommodation with SPS, whose oligarchic base of support and intimate association with the 1990s were political poison pills.

16. (C) According to Gozman, SPS remained publicly ambivalent about its working relationship with the Medvedev-Putin tandem and privately focused on repairing RAO UES Chairman and SPS elder statesman Anatoliy Chubais' relationship with Putin, in order to secure both Chubais and Gozman's shift to Rosnanotech. According to Gozman, Chubais' designated phone to the Kremlin had not rung since his criticism of Russian economic policy at Davos. Cosmetic party gestures, such as the pseudo resignation of Boris Nemtsov (who continues to participate in informal party strategy sessions), whose critical report of Putin's legacy angered the former President's circle, had done little to mend fences. Even Nemtsov, who joined forces with Kasparov in the alternate national assembly, told a visiting U.S. delegation that there was "a small window of opportunity" to

influence Medvedev. By taking the new President seriously, Nemtsov argued that both the international community and Russian politicians would strengthen Medvedev's position. For another opposition stalwart, Irina Khakamada, the choice between working with the government or joining Kasparov's assembly led to her public declaration to leave politics entirely.

U.S. Promotion of Democracy Overshadowed

17. (C) U.S. promotion of reform was complicated, liberals and establishment figures told us, because it was overshadowed by unpopular Administration policies and seen as superfluous to what was essentially an internal debate among Russians. Nemtsov stressed to us that Russians needed democracy more than the U.S. needed Russia to be democratic. It's "our problem," and Russians don't welcome U.S. commentary, against the backdrop of an unpopular war in Iraq, recognition of Kosovo, missile defense plans, and effort to expand NATO to Georgia and Ukraine. Nonetheless, Nemtsov said that focused U.S. criticism was useful for Putin to hear, if only to check any desire to shift from a "managed democracy" to the depredations of a Lukashenko regime.

18. (C) Lipman was more pessimistic, arguing that the U.S. lacked leverage, since it wanted more from Russia than Russia needed from the West. While pushing her U.S. audience to identify what constituted the "or else" in American criticisms of Russian policy, Lipman warned that the debate over NATO expansion could eviscerate the bilateral relationship. "No matter how desperate Russia was for Western technology or approval," no Russian leadership could compromise on opposition to MAP. The conundrum, she underscored, was that "the U.S. has no constituency here," in a country where "the situation is not desperate." Positing that the opposition enjoyed, at most, around seven percent support, Lipman concluded that "your (U.S.) constituency is a few thousand, unpopular people," which was why "Western efforts to influence Russia are hopeless." While Lipman thought Medvedev's selection signified a desire to move away from "anti-West diversions," she acknowledged that the temptation would remain to play on the theme of the external enemy, despite the absence of any visceral hatred of the U.S. among average Russians.

19. (C) Establishment supporters have staked out a harsher critique of the U.S. reform agenda. Kremlin adviser

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Vyacheslav Nikonov told us that it was "hard to find anyone in the Kremlin interested in talking about the U.S." given "exhaustion" over U.S. demands. For nationalists, he said, the U.S. was a hostile force; for liberals, it was discredited due to Iraq, Kosovo, and NATO; and for the mainstream, there remained only a residual hope for sensible cooperation in areas of overlapping interest. Arguing that Medvedev was receptive to new ideas and serious about economic and judicial reform, Nikonov nonetheless downplayed the extent to which democratic values could feature in a bilateral dialogue. "I don't know what Medvedev could do to please you," he said dismissively.

110. (C) From the pro-U.S., but equally fervent supporter of Putin, prominent journalist and TV host Vladimir Solovyev said the fact that the former President left office, in deference to the constitution, was "huge," as was the fact that opposition politicians were only harassed and not imprisoned. "Do you think communist habits die overnight?" Stressing that no one knew whether Medvedev would succeed and the transition stick, Solovyev argued for taking the new administration at face value, recognizing that Medvedev had chosen some decent technocrats to advise him. Arguing that Medvedev was infinitely preferable to what a free electoral contest would produce -- a xenophobic and race-baiting

nationalist -- Solovyev urged common sense in dealing with the new power construct.

Comment

¶11. (C) For the standard bearers of economic and political reform from the 1990s, the quest for relevance has further fractured an opposition elite already riven by personality and policy disputes. While many leaders of the liberal opposition court accommodation rather than Kasparov's picket line, it's not clear that Medvedev and Putin need or seek their support.

RUSSELL